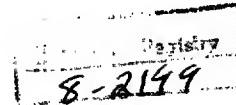


Bj-7112

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MEMORANDUM FOR: Director of Central Intelligence

THROUGH : Deputy Director (Plans)
Deputy Director (Support)

SUBJECT : Blanket Waivers

REFERENCE : IG Survey of the Office of the Comptroller,
20 October 1954, (IS #103026)

1. This memorandum contains a recommendation submitted for DCI approval.
Such recommendation is contained in paragraph 6.

2. PROBLEM:

The Inspector General, after surveying the Office of the Comptroller, recommended the appointment of a joint committee by the DD/P and DD/S, to study the problems of projects given blanket waivers and to make appropriate recommendations to the Director.

This is the Committee's unanimous report.

3. FINDINGS OF FACT:

Compared with the total number of Agency projects, the number operating under blanket waivers is very small. There are over

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4. DISCUSSION:

The support components of the Agency are responsible to the Director for ensuring proper fiscal and other administrative controls. They are also responsible, as their designation implies, for supporting operational activity through providing "know-how" in specialized fields within their competence.

The general tenor of the Regulations is to provide for participation by support elements in the development and administration of the usual project. Such participation in the overwhelming majority of unusual projects is assured by the existence of PAPS. In the very rare case (for 1954, 2% of all projects) the magnitude or sensitivity of the project makes the Administrative Plan procedure unsuitable.

Absence of any participation by support elements, however, not only precludes those elements from exercising their responsibilities in ensuring necessary controls but (and in the long run this is probably more important) deprives operational components of the expertise that the support elements could provide.

5. CONCLUSIONS:

There are and always will be a small number of projects which, because of their magnitude or sensitivity, defy any attempt at cataloguing for purposes of applying any standard procedures. Neither new regulations nor new standardized staffing channels can provide a solution. Activities which are sui generis must be handled as circumstances dictate.

The Director has the unquestioned legal authority to act as his mission may require.

The very magnitude or sensitivity of these unusual projects, however, makes them especially productive of the possibility of difficulty or embarrassment. More than the "ordinary" project, they must be supported with all the intellectual and experiential resources available to the Agency.

The Inspector General's recommendations (Annex A), although basically sound, may not be applicable to every project, and it is impracticable and unwise to attempt to force these few highly unusual projects into a mold. These recommendations also stress controls with (in our view) insufficient emphasis upon the assistance that support elements can render.

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6. RECOMMENDATION:

The Committee recommends that the Director sign the attached memorandum, which will accomplish the following:

(a) Each project, when submitted to the Director with a request for blanket waiver, will bear either the concurrence and comments of the Deputy Director (Support) or a statement by the Deputy Director (Plans) as to why such concurrence and comments should not be solicited.

(b) Each blanket waiver approved by the Director will be conditioned, unless he chooses to make an exception, upon the maintenance of financial records (within the limits of operational security) sufficient for audit, and upon compliance with such of the recommendations of the DD/S as the Director may approve.

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Chief, Audit Staff

E. R. SAUNDERS
Comptroller

25X1



C/Plans/FI



25X1



Assistant General Counsel

25X1

CONCURRENCES:

25X1



Deputy Director (Plans)

4 April '56

Date

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Deputy Director (Support)

28 April 56

Date

Attachment:

ANNEX A

The recommendation in paragraph 6 is approved.

Signed Memos to DDO/S, Chm & PDC on 5/5/56
ALLEN W. DULLES Date
 Director of Central Intelligence

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6. RECOMMENDATION:

The Committee recommends that the Director sign the attached memorandum, which will accomplish the following:

- a. Each project, when submitted to the Director with a request for blanket waiver, will bear either the concurrence and comments of the Deputy Director (Support) or a statement by the Deputy Director (Plans) as to why such concurrence and comments should not be solicited.
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(s)[redacted]
Chief, Audit Staff*(s)*F. W. SAUNDERS
Comptroller*(s)*[redacted]
C/Plans/FI*(s)*

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Retyped: OGC:2 Apr 25
Comptroller/ERS/ny

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 [redacted] 1-
 [redacted]

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Assistant General Counsel

CONCURRENCES:

(s) Richard Helms
 [redacted]
 fm Deputy Director (Plans)

28 April 86
 [redacted]

[redacted]
 Deputy Director (Support)

Attachment:
 ANNEX A

The recommendation in paragraph 6 is approved.

Allen W. Dulles
 Director of Central Intelligence

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ANNEX A

Extract from IG Survey of the Office of the
Comptroller, 20 October 1954, (TS #103026)

The Inspector General recommended that the following minimal standards should be established and enforced for all projects granted blanket waivers.

"(1) Require that the operations officer directing the project consult with the Comptroller's Staff and utilize Agency financial facilities and contacts to the maximum extent consistent with security and project requirements.

(2) Provide for withdrawals and/or payments of monies at periodic intervals, or upon the development of contingencies or the performance of services. The present practice of withdrawing large lump sums which are placed under the control of the principal creates a problem of safeguarding and recovery if the project does not develop as anticipated. [redacted] is an outstanding example.

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(3) Waive detailed accountings when they would compromise security, but require summary accounting statements from the operations officer showing amounts paid to the principal for services rendered, amounts in the hands of the principal covering services to be rendered in the future.

(4) Where the size or complexity of the project warrants, the Comptroller should detail a competent finance officer to work with and under the direction of the operations officer in order to ensure maximum financial controls consistent with security or cover."

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